

## Eddie Sleeper

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**From:** Phil Forner <aheat@altelco.net>  
**Sent:** Saturday, February 10, 2018 9:39 AM  
**To:** Rep. Roger Victory (District 88)  
**Cc:** Rep. Gary Glenn (District 98); Rep. Roger Hauck (District 99); Eddie Sleeper  
**Subject:** FW: [ENER] STANDARD: House Energy Policy Standing Committee Meeting  
**Attachments:** MPSC Audit U-17882 of Cons Eng ASP 2010-2014.pdf; Forner 3-26-16 FOIA Request and MPSC response.pdf

Rep. Victory,

Below is notice of a House Energy Policy Standing Committee Meeting to discuss high electric bills on Tuesday, February 13, 2018; which I will be out of town that day and respectfully request that you or your office ask the House Energy Committee to look in to why the Michigan Public Service Commission (MPSC) has not required Consumer Energy, and probably other electric utility companies who offer an appliance service plan to their customers, to lower the electric utility rates when the Consumers Energy Appliance Service Plan (ASP) included the ASP charges on the monthly electric bill, by paying its fair share of the billing costs, including postage, as required by PA 88 of 2004 (which was expanded by PA 341 of 2016 to allow electric utilities to do even more joint unregulated activities).

The MPSC response to the attached FOIA request dated 3/26/16 clearly indicates that Consumers Energy electric rates have not included the required billing cost allocations and clearly have been subsidizing the extremely profitable ASP (see attached MPSC Audit in U-17882). Actually applying the statutory cost sharing provisions since PA 88 of 2004 took effect could reduce the Consumers Energy electric rates by almost three million dollars.

Please advise if you have any questions. Thank you in advance for your attention to this.

Respectfully,  
Phil Forner  
12525 90th Ave.  
Allendale, MI 49401

-----Original Message-----

**From:** hrep-ener-bounces@listserver.legislature.mi.gov  
[mailto:hrep-ener-bounces@listserver.legislature.mi.gov] On Behalf Of Energy Policy Committee  
**Sent:** Friday, February 09, 2018 2:41 PM  
**To:** HREP-ENER@listserver.legislature.mi.gov  
**Subject:** [ENER] STANDARD: House Energy Policy Standing Committee Meeting

Standing Committee Meeting

Energy Policy, Rep. Gary Glenn, Chair

DATE: Tuesday, February 13, 2018

TIME: 9:00 AM

PLACE: Room 519, House Office Building, Lansing, MI

**AGENDA:**

Discussion on why Michigan energy customers are seeing their electricity bills double and triple recently.

**OR ANY BUSINESS PROPERLY BEFORE THIS COMMITTEE**

To view text of legislation go to:

<http://www.legislature.mi.gov/mileg.aspx?page=CommitteeBillRecord>

Committee Clerk: Eddie Sleeper

Phone: 517-373-2002

e-Mail: [esleeper@house.mi.gov](mailto:esleeper@house.mi.gov)

Individuals needing special accommodations to participate in the meeting may contact the Chair's office.

Schedule changes or cancellations available at <http://www.house.mi.gov/publiccommitteeschedule/>

Notice posted: 2/9/2018

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To manage your membership please visit

<http://legislature.mi.gov/mileg.aspx?page=listserversignup>

**MPSC AUDIT REQUEST**

CASE NO: U-17882  
DATE OF REQUEST: 09/8/15  
NO. RFN-26  
REQUESTED BY: Robert F. Nichols II  
DATE OF RESPONSE: 9/18/15  
RESPONDENT: Sarah H. Bowers

**Question:**

1. Regarding ASP and audit response #103: The response states "Please see the attached spread sheet for the 2010 through 2014 actual and 2015 through 2016 rate case projections for ASP revenue, ASP expense and margin. Note that the expenses shown are the direct program expenses only and do not include expenses that are allocated to the ASP program such as call center, IT, billing, mailing and salaries when determining the overall margin level."
  - a. For each year 2010 through 2016, please provide the indirect expense amounts and descriptions that are allocated to ASP and explain where they show up in the rate case.

**Answer:**

- I.
  - a. Attached are the Appliance Service Plan (ASP) program actual "Pro-forma" pre-tax operating income analyses for 2010-2014. This analysis is done to gauge the overall profitability of the ASP program when taking into account direct program expenses (as shown in the response to MPSC Staff Audit #103 in this docket), revenue (as shown in Audit #103), the direct allocation of expenses and indirect allocation of expenses and other corporate costs. The items that were included in the attachment to Audit #103 are noted in the descriptions. Payroll taxes were not included in Audit #103. Included on the historical test year 2014 sheet are the witnesses whose rate case areas contain the expenses mentioned in the description. The 2015 and 2016 amounts were not projected in this format for purposes of this rate case but are projected to be the same as the 2014 historical test year.

# **APPLIANCE SERVICE PLAN PRO-FORMA**

<u>Expense</u>	<u>2010 Actual</u>	<u>Description</u>
Gross Revenues	44,321,753	Gross Revenues from plans
Less Incentives	274,380	Customer incentive payments
Net Revenues (RDS)	44,047,373	Net Revenues from plans
		Parts, labor and expenses associated with performing repairs on appliances plus payroll tax on labor
Cost of Goods Sold	18,535,920	
Gross Margin	25,511,453	
<b>DIRECT EXPENSE:</b>		
<b>Operational:</b>		
Schedule, Control & Dispatch	391,213	Dispatchers and their supervision to schedule and dispatch work out to field employees plus payroll tax on labor
Consumer Affairs - Complaints	20,721	The cost for Consumer Affairs to handle and log complaints related to ASP based upon number of complaints
Call Center - Service	795,931	The cost for the CE call center to take repair calls. Solution Center now takes calls includes salaries and expenses of the direct field supervision and management of the operations. It also includes program amends which are given to customers when a mistake is made by the program plus payroll tax on labor
ASP Services Org & Office Admin	1,728,102	These are the costs associated with Upper Managments Involvement in the overseeing of daily operations of the field portion of the program. Now included in ASP Services
Field Manager Org	219,998	Organization
ACAP Expense	701,384	Cost associated with cash allowances on Gold Plan customers when there appliance is not repairable.
Small Tools	20,400	The value of the purchase of small hand tools that are used predominantly for repair work on appliances.
Training Labor & Materials	458,183	Training for the ASP direct supervision staff and the operating employee (field workers) plus payroll tax on labor
Gas/Elec Adjustment	(502,842)	Allocation (credit) of ASP related allocations to Electric Operations. Accounts for expense items shared between gas and electric (ie. Consumer Affairs, call center etc.)
Total Operational Expense	3,833,086	
<b>Marketing</b>		
Promotional Program & Research	907,666	Expenses associated with acquiring ASP contracts and promoting the plan plus payroll tax on labor.
Marketing Supervision	346,691	The cost of labor associated with marketing the program and obtaining new customers plus payroll tax on labor.
Core Group	707,167	Cost of a select group of customer service representatives to handle customer inquiries/issues associated with ASP. Now done in Solution Center
Bad Debt	846,716	Cost of uncollectables for customers who do not pay for the plan as they have been billed.
Point Plus	512,421	Incentives for the Consumers Energy Call Center reps for selling ASP plans.
Direct Mail	773,892	Costs associated with obtaining contracts from Direct Mail
Total Marketing	4,094,554	
Billing Allocation	201,000	Expense for the lines used on customer bills associated with ASP.
CMR Allocation	18,384	Costs associated with the processing of payments made by customers for their ASP plan.
Total Marketing Expense	4,313,938	
<b>Infrastructure</b>		
SAP	183,000	Cost associated for the ASP programs use of SAP system for plan data and repair work order history.
MDSI	166,000	Costs associated with use of the OMAR system for the ASP orders dispatched to techs
Level II Chargebacks - Radio & Tele	136,000	Costs associated with use of telephones and the 800 Mz system for dispatching ASP orders
Total Infrastructure Expense	484,999	
Total Direct Expense	8,632,034	
Program Margin	16,879,419	
Margin as % of Net Revenue	38.3%	
<b>INDIRECT EXPENSE:</b>		
		Allocation of overhead costs to ASP for PTOI analysis. Includes Administrative and General Salaries, expenses and outside services; Property insurance; Injuries and damages; Pension & Benefits, Rents, Facilities and General office property taxes.
Corporate Cost	10,411,420	
Total Indirect Expense	10,411,420	
PTOI	6,468,000	
PTOI as % of Net Revenue	14.7%	
Total Expense	37,579,373	

# **APPLIANCE SERVICE PLAN PRO-FORMA**

<u>Expense</u>	<u>2011 Actual</u>	<u>Description</u>
Gross Revenues	45,548,142	Gross Revenues from plans
Less Incentives	353,445	Customer incentive payments
Net Revenues (RDS)	45,492,697	Net Revenues from plans
Cost of Goods Sold	19,251,820	Parts, labor and expenses associated with performing repairs on appliances plus payroll tax on labor
Gross Margin	26,240,877	
<b>DIRECT EXPENSE:</b>		
<b>Operational:</b>		
Schedule, Control & Dispatch	458,957	Dispatchers and their supervision to schedule and dispatch work out to field employees plus payroll tax on labor
Consumer Affairs - Complaints	16,743	The cost for Consumer Affairs to handle and log complaints related to ASP based upon number of complaints
Call Center - Service	846,410	The cost for the CE call center to take repair calls. Solution Center now takes calls
ASP Services Org & Office Admin	1,783,422	Includes salaries and expenses of the direct field supervision and management of the operations. It also includes program amendments which are given to customers when a mistake is made by the program plus payroll tax on labor
Field Manager Org	581,656	These are the costs associated with Upper Management's involvement in the overseeing of daily operations of the field portion of the program. Now included in ASP Services Organization
ACAP Expense	878,200	Cost associated with cash allowances on Gold Plan customers when there appliance is not repairable.
Small Tools	20,400	The value of the purchase of small hand tools that are used predominantly for repair work on appliances.
Training Labor & Materials	1,117,908	Training for the ASP direct supervision staff and the operating employee (field workers) plus payroll tax on labor
Gas/Elec Adjustment	(527,380)	Allocation (credit) of ASP related allocations to Electric Operations. Accounts for expense items shared between gas and electric (ie. Consumer Affairs, call center etc.)
Total Operational Expense	5,178,314	
<b>Marketing</b>		
Promotional Program & Research	1,027,154	Expenses associated with acquiring ASP contracts and promoting the plan plus payroll tax on labor.
Marketing Supervision	316,684	The cost of labor associated with marketing the program and obtaining new customers plus payroll tax on labor.
Core Group	662,173	Cost of a select group of customer service representatives to handle customer inquiries/issues associated with ASP. Now done in Solution Center
Bad Debt	1,112,945	Cost of uncollectables for customers who do not pay for the plan as they have been billed.
Point Plus	812,559	Incentives for the Consumers Energy Call Center reps for selling ASP plans.
Direct Mail	961,841	Costs associated with obtaining contracts from Direct Mail
Total Marketing	4,893,355	
Billing Allocation	204,997	Expense for the lines used on customer bills associated with ASP.
CMR Allocation	18,376	Costs associated with the processing of payments made by customers for their ASP plan.
Total Marketing Expense	4,916,728	
<b>Infrastructure</b>		
SAP	188,000	Cost associated for the ASP programs use of SAP system for plan data and repair work order history.
MDSI	169,000	Costs associated with use of the OMAR system for the ASP orders dispatched to techs
Level II Chargebacks - Radio & Tele	139,000	Costs associated with use of telephones and the 800 Mz system for dispatching ASP orders
Total Infrastructure Expense	496,000	
Total Direct Expense	10,589,042	
Program Margin	15,651,835	
Margin as % of Net Revenue	34.4%	
<b>INDIRECT EXPENSE:</b>		
Corporate Cost	8,995,479	Allocation of overhead costs to ASP for PTOI analysis. Includes Administrative and General Salaries, expenses and outside services; Property insurance; Injuries and damages; Pension & Benefits, Rents, Facilities and General office property taxes.
Total Indirect Expense	8,995,479	
PTOI	8,656,356	
PTOI as % of Net Revenue	14.6%	
Total Expense	38,836,341	

# **APPLIANCE SERVICE PLAN PRO-FORMA**

<u>Expense</u>	<u>2012 Actual</u>	<u>Description</u>
Gross Revenues	47,351,836	Gross Revenues from plans
Less Incentives	432,588	Customer incentive payments
Net Revenues (RDS)	46,919,048	Net Revenues from plans
Cost of Goods Sold	19,368,212	Parts, labor and expenses associated with performing repairs on appliances plus payroll tax on labor
Gross Margin	27,550,836	
<b>DIRECT EXPENSE:</b>		
Operational:		
Schedule, Control & Dispatch	482,939	Dispatchers and their supervision to schedule and dispatch work out to field employees plus payroll tax on labor
Consumer Affairs - Complaints	32,051	The cost for Consumer Affairs to handle and log complaints related to ASP based upon number of complaints
Call Center - Service	828,939	The cost for the CE call center to take repair calls. Solution Center now takes calls
ASP Services Org & Office Admin	1,807,790	Includes salaries and expenses of the direct field supervision and management of the operations. It also includes program amends which are given to customers when a mistake is made by the program plus payroll tax on labor
Field Manager Org	591,148	These are the costs associated with Upper Managements involvement in the overseeing of daily operations of the field portion of the program. Now included in ASP Services Organization
ACAP Expense	1,349,575	Cost associated with cash allowances on Gold Plan customers when there appliance is not repairable.
Small Tools	9,252	The value of the purchase of small hand tools that are used predominantly for repair work on appliances.
Training Labor & Materials	785,928	Training for the ASP direct supervision staff and the operating employee (field workers) plus payroll tax on labor
Gas/Elec Adjustment	(528,260)	Allocation (credit) of ASP related allocations to Electric Operations. Accounts for expense items shared between gas and electric (ie. Consumer Affairs, call center etc.)
Total Operational Expense	5,357,058	
Marketing		
Promotional Program & Research	1,522,067	Expenses associated with acquiring ASP contracts and promoting the plan plus payroll tax on labor.
Marketing Supervision	303,911	The cost of labor associated with marketing the program and obtaining new customers plus payroll tax on labor.
Core Group	928,089	Cost of a select group of customer service representatives to handle customer inquiries/issues associated with ASP. Now done in Solution Center
Bad Debt	1,250,513	Cost of uncollectables for customers who do not pay for the plan as they have been billed.
Collection Agency Fees	2,680	Cost associated with receiving services from Collection Agencies.
Point Plus	785,338	Incentives for the Consumers Energy Call Center reps for selling ASP plans.
Direct Mail	983,814	Costs associated with obtaining contracts from Direct Mail
Total Marketing	5,778,392	
CE&O Additional Salary Allocations	11,489	Allocation from Customer Experience and Quality (formerly Customer Experience & Operations) employees assisting on thought/ideas/research to help grow and expand the program plus payroll tax on labor.
Billing Allocation	209,000	Expense for the lines used on customer bills associated with ASP.
CMR Allocation	18,952	Costs associated with the processing of payments made by customers for their ASP plan.
Total Marketing Expense	6,015,833	
Infrastructure		
SAP	191,000	Cost associated for the ASP programs use of SAP system for plan data and repair work order history.
MDSI	172,000	Costs associated with use of the OMAR system for the ASP orders dispatched to techs
Level II Chargebacks - Radio & Tele	141,000	Costs associated with use of telephones and the 800 Mhz system for dispatching ASP orders
Capital Expenditures	100,000	Cost of building the ASP room
Total Infrastructure Expense	604,000	
Total Direct Expense	11,976,891	
Program Margin	15,573,945	
Margin as % of Net Revenue	33.2%	
<b>INDIRECT EXPENSE:</b>		
Corporate Cost	9,033,469	Allocation of overhead costs to ASP for PTOI analysis. Includes Administrative and General Salaries, expenses and outside services; Property insurance; Injuries and damages; Pension & Benefits, Rents, Facilities and General office property taxes.
Corporate Cost & CE&O labor allocations	19,206	Allocation from Customer Experience and Quality (formerly Customer Experience & Operations) employees assisting on thought/ideas/research to help grow and expand the program plus payroll tax on labor.
Total Indirect Expense	9,052,675	
PTOI	6,521,270	
PTOI as % of Net Revenue	13.9%	
Total Expense	40,397,778	

# **APPLIANCE SERVICE PLAN PRO-FORMA**

<u>Expense</u>	<u>2013 Actual</u>	<u>Description</u>
Plan Gross Revenues	53,008,436	Gross Revenues from plans
SC Revenue	0	
Less Incentives	350,165	Customer incentive payments
Net Revenues (RDS)	52,658,271	Net Revenues from plans
		Parts, labor and expenses associated with performing repairs on appliances plus payroll tax on labor
Cost of Goods Sold	21,129,772	
Gross Margin	31,528,499	
<b>DIRECT EXPENSE:</b>		
<b>Operational:</b>		
Schedule, Control & Dispatch	399,830	Dispatchers and their supervision to schedule and dispatch work out to field employees plus payroll tax on labor
Consumer Affairs - Complaints	11,772	The cost for Consumer Affairs to handle and log complaints related to ASP based upon number of complaints
Call Center - Service	113,638	The cost for the CE call center to take repair calls. Solution Center now takes calls
Solution Center Costs	2,670,408	ASP Solution Center (call center) taking repair calls
		Includes salaries and expenses of the direct field supervision and management of the operations. It also includes program amends which are given to customers when a mistake is made by the program plus payroll tax on labor
ASP Services Org & Office Admin	1,590,899	Cost associated with cash allowances on Gold Plan customers when there appliance is not repairable.
ACAP Expense	2,083,328	The value of the purchase of small hand tools that are used predominantly for repair work on appliances.
Small Tools	15,320	Training for the ASP direct supervision staff and the operating employee (field workers) plus payroll tax on labor
Training Labor & Materials	350,075	
		Allocation (credit) of ASP related allocations to Electric Operations. Accounts for expense items shared between gas and electric (ie. Consumer Affairs, call center etc.)
Gas/Elec Adjustment	(179,234)	
Total Operational Expense	7,066,032	
<b>Marketing</b>		
Promotional Program & Research	1,681,308	Expenses associated with acquiring ASP contracts and promoting the plan plus payroll tax on labor.
Marketing Supervision	951,219	The cost of labor associated with marketing the program and obtaining new customers plus payroll tax on labor.
Core Group	9,941	Cost of a select group of customer service representatives to handle customer inquiries/issues associated with ASP. Now done in Solution Center
Bad Debt	2,609,521	Cost of uncollectables for customers who do not pay for the plan as they have been billed.
Collection Agency Fees	0	Cost associated with receiving services from Collection Agencies.
Point Plus	555,635	Incentives for the Consumers Energy Call Center reps for selling ASP plans.
Direct Mail	842,739	Costs associated with obtaining contracts from Direct Mail
Total Marketing	6,660,365	
		Allocation from Customer Experience and Quality employees assisting on thought/ideas/research to help grow and expand the program plus payroll tax on labor.
Customer Insights Allocation	79,654	
Billing Allocation	214,981	Expense for the lines used on customer bills associated with ASP.
		Costs associated with the processing of payments made by customers for their ASP plan.
CMR Allocation	19,500	
Total Marketing Expense	8,974,500	
<b>Infrastructure</b>		
SAP	195,000	Cost associated for the ASP programs use of SAP system for plan data and repair work order history.
MDSI	175,500	Costs associated with use of the OMAR system for the ASP orders dispatched to techs
Level II Chargebacks - Radio & Tele	144,000	Costs associated with use of telephones and the 800 Mz system for dispatching ASP orders
Capital Expenditures	(20,000)	Cost of building the ASP room
Total Infrastructure Expense	494,500	
Total Direct Expense	14,535,032	
Program Margin	16,993,467	
Margin as % of Net Revenue	32.3%	
<b>INDIRECT EXPENSE:</b>		
		Allocation of overhead costs to ASP for PTOI analysis. Includes Administrative and General Salaries, expenses and outside services; Property insurance; injuries and damages; Pension & Benefits, Rents, Facilities and General office property taxes.
Corporate Cost	7,989,444	
Total Indirect Expense	7,989,444	
<b>PTOI</b>	<b>9,004,023</b>	
PTOI as % of Net Revenue	17.1%	
Total Expense	43,654,248	



# **APPLIANCE SERVICE PLAN PRO-FORMA**

<u>Expense</u>	<u>2014 Actual</u>	<u>Description</u>	<u>Rate Case Witness</u>
Plan Gross Revenues	60,839,041	Gross Revenues from plans	Witness J. Fraga, Misc Revenues (was included in revenue shown on Audit #103)
SC Revenue	39	Center Le Furnance Filters	Witness J. Fraga, Misc Revenues (was included in revenue shown on Audit #103)
Less Incentives	376,765	Customer incentive payments	Witness J. Fraga, Misc Revenues (was included in revenue shown on Audit #103)
Net Revenues (RDS)	60,462,314	Net Revenues from plans	Witness J. Fraga, Misc Revenues (was included in revenue shown on Audit #103)
Cost of Goods Sold	22,431,084	Parts, labor and expenses associated with performing repairs on appliances plus payroll tax on labor	Witness S. Bowers - Parts, labor, expenses (was included in expenses shown on Audit #103). Witness J. Fraga - Payroll tax
Gross Margin	38,031,230		
<b>DIRECT EXPENSE:</b>			
<b>Operational:</b>			
Schedule, Control & Dispatch	411,792	Dispatchers and their supervision to schedule and dispatch work out to field employees plus payroll tax on labor	Witness S. Bowers - Dispatch and Supervision (was included in expenses shown on Audit #103). Witness J. Fraga - Payroll tax
Consumer Affairs - Complaints	14,474	The cost for Consumer Affairs to handle and log complaints related to ASP based upon number of complaints	Witness S. Bowers
Solution Center Costs	2,370,644	ASP Solution Center (call center) taking repair calls includes salaries and expenses of the direct field supervision and management of the operations. It also includes program amends which are given to customers when a mistake is made by the program plus payroll tax on labor	Witness S. Bowers (was included in expenses shown on Audit #103)
ASP Services Org & Office Admin	1,719,871	Cost associated with cash allowances on Gold Plan customers when there appliance is not repairable.	Witness S. Bowers - Salaries and expenses (was included in expenses shown on Audit #103). Witness J. Fraga - Payroll tax
ACAP Expense	2,662,432	The value of the purchase of small hand tools that are used predominantly for repair work on appliances.	Witness S. Bowers (was included in expenses shown on Audit #103)
Small Tools	12,649	Training for the ASP direct supervision staff and the operating employee (field workers) plus payroll tax on labor	Witness S. Bowers
Training Labor & Materials	335,468	Allocation (credit) of ASP related allocations to Electric Operations. Accounts for expense items shared between gas and electric (ie. Consumer Affairs, call center etc.)	Witness S. Bowers - Labor and expense. Witness J. Fraga - Payroll tax
Gas/Electric Adjustment	(233,739)		Witness S. Bowers
Total Operational Expense	7,493,591		
<b>Marketing</b>			
Promotional Program & Research	3,764,499	Expenses associated with acquiring ASP contracts and promoting the plan plus payroll tax on labor.	Witness S. Bowers - Labor and expense (was included in expenses shown on Audit #103). Witness J. Fraga - Payroll tax
Marketing Supervision	1,167,032	The cost of labor associated with marketing the program and obtaining new customers plus payroll tax on labor.	Witness S. Bowers - Labor and expense (was included in expenses shown on Audit #103). Witness J. Fraga - Payroll tax
Bad Debt	3,506,881	Cost of uncollectibles for customers who do not pay for the plan as they have been billed.	Witness S. Bowers (was included in expenses shown on Audit #103)
Collection Agency Fees	0	Cost associated with receiving services from Collection Agencies.	Witness S. Bowers
Point Plus	1,137,241	Incentives for the Consumers Energy Call Center reps for selling ASP plans.	Witness S. Bowers (was included in expenses shown on Audit #103)
Direct Mail	1,015,186	Costs associated with obtaining contracts from Direct Mail	Witness S. Bowers (was included in expenses shown on Audit #103)
Total Marketing	10,580,838		
Customer Insights Allocation	43,364	Allocation from Customer Experience and Quality employees assisting on thought/ideas/research to help grow and expand the program plus payroll tax on labor.	Witness S. Bowers - Labor and expense. Witness J. Fraga - Payroll tax
Billing Allocation	226,944	Expense for the lines used on customer bills associated with ASP.	Witness S. Bowers
CMR Allocation	217,398	Costs associated with the processing of payments made by customers for their ASP plan.	Witness D.Harry
Total Marketing Expense	11,078,644		
<b>Infrastructure</b>			
SAP	198,600	Cost associated for the ASP programs use of SAP system for plan data and repair work order history.	Witness C. Varvalos
MDSI	179,000	Costs associated with use of the OMAR system for the ASP orders dispatched to techs	Witness C. Varvalos
Level II Chargebacks - Radio & Tele	146,800	Costs associated with use of telephones and the 800 Mz system for dispatching ASP orders	Witness C. Varvalos
Total Infrastructure Expense	524,600		
Total Direct Expense	19,096,935		
Program Margin	16,934,295		
Margin as % of Net Revenue	31.3%		
<b>INDIRECT EXPENSE:</b>			
Corporate Cost	4,624,928	Allocation of overhead costs to ASP for PTOI analysis. Includes Administrative and General Salaries, expenses and outside services; Property Insurance; Injuries and damages; Pension & Benefits, Rents, Facilities and General office property taxes.	Witnesses D. Harry, H. Kops, A. Conrad, S. Bowers, J. Fraga
Total Indirect Expense	4,624,928		
PTOI	14,309,356		
PTOI as % of Net Revenue	23.7%		
Total Expense	46,152,948		



# EXHIBIT 1

**Phil Forner**

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**From:** LARAFOIAInfo <LARAFOIAInfo@michigan.gov>  
**Sent:** Wednesday, March 30, 2016 3:38 PM  
**To:** aheat@altelco.net  
**Subject:** FOIA Extension No.: 2016-00792 Forner

**Importance:** High

Dear Phil Forner:

REGARDING FOIA REQUEST: The last 3 requests made by MPSC to Cons En Co under MCL 460.10a(6)(b); where appliance service program were included; where all postage associated w/appliance service program on Cons En monthly electric bill was allocated.

The Michigan Department of Licensing and Regulatory Affairs (LARA) has received your request for public records under the provisions of the Michigan Freedom of Information Act (FOIA), 1976 PA 442, MCL 15.231 *et seq.*, on **3/25/16**.

In order to determine the existence of any nonexempt records/information that might be responsive to your request we require additional time to search for and retrieve records; review and examine any found records to separate exempt from nonexempt material; and to determine any allowable processing costs. For these reasons, it is necessary to extend the time for response to **4/18/16**.

If you have questions concerning this matter, please feel free to contact the LARA FOIA Office at (517) 335-3327 or email [LARAFOIAInfo@michigan.gov](mailto:LARAFOIAInfo@michigan.gov). You may also write to us at the address listed below and enclose a copy of this letter.

To review a copy of the LARA's written public summary, procedures, and guidelines, go to [www.michigan.gov/lara](http://www.michigan.gov/lara).

Thank you,

LARA FOIA Office  
vm

LARA FOIA Office  
Ottawa Building, 4<sup>th</sup> Floor  
PO Box 30004, Lansing MI 48909  
(517) 335-3327 – Phone  
(517) 335-4037 - Fax



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

SHELLY EDGERTON  
DIRECTOR

April 18, 2016

Phil Forner  
PO Box 296  
Allendale, MI 48401

RE: FOIA Response No: 2016-008792

Dear Mr. Forner:

The Michigan Department of Licensing and Regulatory Affairs (LARA) has received your request for public records and has processed it under the provisions of the Michigan Freedom of Information Act (FOIA), 1976 PA 442, MCL 15.231 *et seq.* Because of the nature of your request it was sent to the Michigan Public Service Commission (MPSC) to search for any non-exempt records that may be responsive to your request.

Your request has been **granted in part and denied in part**. Portions of your request are exempt from disclosure based on provisions set forth in the Act. (See comments below.)

**Comments:**

Documents related to part 1 of your request are included. The MPSC does not have any documents related to portions 2 and 3 of your FOIA Request. To the best of the LARA's Michigan Public Service Commission (MPSC) knowledge, information, and belief, under the information provided by you or by any other description reasonably known to MPSC, the public records do not exist. (MCL 15.235(5)(b)).

If you have questions concerning this matter, please feel free to contact the LARA FOIA Office at [LARAFOIAInfo@michigan.gov](mailto:LARAFOIAInfo@michigan.gov). To review a copy of LARA's written public summary, procedures, and guidelines, go to [www.michigan.gov/lara](http://www.michigan.gov/lara).

*Section 10 of the FOIA provides that if a public body denies any portion of your FOIA, or charges a fee that exceeds the amount permitted under its publicly available procedures and guidelines, you may submit a written appeal to Director, Department of Licensing and Regulatory Affairs, P.O. Box 30004, Lansing, MI 48909. Your FOIA appeal must specifically state the word "appeal" and identify the reason(s) the fee or disclosure denial(s) should be reversed. You may also seek judicial review in an appropriate Michigan court within 45 days after a fee charge, or within 180 days after a denial notice. If you prevail in a court action regarding a fee charged or a disclosure denial, the court may award you reasonable attorney fees and punitive damages.*

Sincerely,

LARA FOIA Office

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